FORM 51-102F3
Material Change Report

MATERIAL CHANGE REPORT UNDER SECTION 7.1(2) OR (3) OF NATIONAL INSTRUMENT NO. 51-102

Item 1. **Reporting Issuer**

Advantex Marketing International Inc.
491 Eglinton Avenue West, Third Floor
Toronto, Ontario M5N 1A8

Item 2. **Date of Material Change**

A material change took place on February 14, 2005.

Item 3. **Press Release**

On February 14, 2005, a news release in respect of the material change was disseminated through Canada NewsWire, Canadian Disclosure Network..

Item 4. **Summary of Material Change**

The material change is described in the Company's press release attached hereto as Schedule "A", which press release is incorporated herein.

Item 5. **Full Description of Material Change**

No information other than that provided in Item 4 above is presently available.

Item 6. **Reliance on subsection 7.1(2) or (3) of National Instrument 51-102**

The report is not being filed on a confidential basis.

Item 7. **Omitted Information**

No information has been omitted.

Item 8. **Executive Officer**

Allison L. Smith, President

Item 9. **<u>Date of Report</u>**

DATED at Toronto, in the Province of Ontario, this 16th day of February, 2005.

ADVANTEX MARKETING INTERNATIONAL INC.

Per: *"Allison L. Smith"*

Allison L. Smith

Schedule “A”

ADVANTEX

NEWS RELEASE

ADVANTEX REPORTS SIGNIFICANT IMPROVEMENTS IN Q2 2005

For Immediate Release
ADX: TSX

Toronto, February 14, 2005 - Advantex Marketing International Inc. (TSX:ADX) announced today its second quarter results for fiscal 2005.

- Net results before Income Taxes improved by 62% or $0.7 million year-over-year.
- Cashflow from operating activities was close to breakeven for the quarter.
- Consolidated gross margin during the second quarter improved 23% year over year.
- Gross margin percentage increased 38% year-over-year, from 9.6% to 13.3%; all business units were positive contributors.
- The number of active merchants has been steadily increasing from the low reached in March 2004. Merchant terminations are down substantially and new merchant sales are up.
- Online Shopping Mall revenue increased 159% year-over-year, along with significant improvements in gross margin. The dynamic growth of Advantex’s Online Shopping Mall business is expected to continue in terms of enrollment, online shopping volume, and the introduction of new malls.

“The improvements seen this quarter highlight the momentum Advantex is building in its key businesses,” said G. Randall Munger, Chairman and Chief Executive Officer of Advantex. “The Company operated at close to breakeven on a cash basis this quarter as it made significant progress in all business segments.”

“Revenue growth is more clearly seen when comparing consecutive quarters, year-over-year. Revenue increased in the Advantex Group from Q1 to Q2 this year, a successful reversal of the revenue decline we experienced last year. The Online Shopping Mall business has reached critical mass and continued growth is anticipated. Discussions are underway with several new large channel partners that have the potential to more than double the online business.”

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Sales and Fees for the quarter ended December 31, 2004 were $20.3 million compared with Sales and Fees of $22.9 million in the same quarter last year. The topline decline was principally the result of a restructuring of certain merchant contracts from a Pre-Purchase to a Post-Settlement Model. Under the Pre-Purchase Model, Advantex records the gross amount of the cardholder transactions as Sales and Fees, and under the Post-Settlement Model, Advantex records the net amount as Sales and Fees. On a comparable basis, merchant revenues were actually $0.4 million higher than the previous year. Revenue last year also included $1.7 million from the Company's discontinued Canadian retail program. The program was terminated at the end of Q2 last year, after Air Canada repudiated its commercial agreements with Advantex, as part of the airline's restructuring process under the Companies' Creditor Arrangement Act (CCAA). These factors were partially offset by a $0.8 million increase in Sales and Fees from other businesses, primarily Advantex Online Shopping Malls.

Operating costs associated with the U.S. Credit Card Loyalty pilot programs have been substantially reduced. No significant revenues and direct expenses are expected from the U.S. pilot programs in the near term as Advantex works towards finding a reliable and cost-effective cardholder transaction processing solution.

The operating loss for Q2 2005 was $0.2 million compared with an operating loss of $0.9 million in Q2 2004. Higher gross margins in the Online Shopping Mall business contributed to this improvement.

Net Loss for the quarter was $0.4 million, compared with Q2 2004 Net Income of $0.4 million including a one-time Realization of Income Tax Benefits in fiscal 2004 of $1.5 million associated with a tax assisted financing. On a comparative basis, the Loss before Income Taxes for Q2 2005 was $0.4 million, compared to a Loss before Income Taxes of $1.1 million last year.

Sales and Fees for the six-month period ended December 31, 2004 were $39.7 million compared to Sales and Fees of $47.4 million during the same period last year. The Company reported an operating loss before amortization, interest and income taxes of $0.7 million for the six-month period ended December 31, 2004, compared to $0.9 million in the same period last year.

Net results for the six-month period ended December 31, 2004 were a Loss of $1.2 million or $0.02 per share, compared to Net Income of $0.1 million or $0.00 per share for the same period last year. Net Income last year includes a one-time Realization of Income Tax Benefits of $1.5 million. Before the Realization of Income Tax Benefits, the Net Loss for the six-month period ending December 31 was $1.2 million in fiscal 2005 versus $1.4 million in fiscal 2004.

Cash and Cash Equivalents on hand at the end of Q2 2005 were $1.5 million, a decrease of only $0.2 million during the quarter.

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Outlook

"In addition to the healthy growth in our current business lines, there are a number of new initiatives planned that we believe will accelerate the Company's momentum," said Allison L. Smith, President and Chief Operating Officer of Advantex. "Advantex has operated the premium New York Times subscriber loyalty program for more than 12 years. Advantex has been engaged by The New York Times to design and manage a major expansion of the New York Times program, establishing the potential for annual double-digit revenue growth over the next five years."

"As well, the Company is planning the launch of an exciting new loyalty program platform, designed to broaden the range of channel partners with which we work and add important new revenue streams. The new platform is expected to be a significant addition to the Company's portfolio of loyalty solutions, through which the Company will be able to earn development fees as well as transaction income."

Canada

Advantex is well established in the Canadian market, with hundreds of merchant partners in multiple cities, coast to coast. The Advantex merchant base includes some of the nation's finest restaurants in Canada.

Advantex earns income as cardholders make purchases at participating merchants. Growing the participating merchant base is a key factor in the Company's business plans. The Company plans to continue increasing the number of participating merchants in its current categories of dining, inns/resorts and spas.

Flexible new customer loyalty platforms for major restaurant chains and other large, customer-rich organizations are currently under development. These new platforms are expected to complement and enrich Advantex's portfolio of loyalty marketing solutions, offering both stand-alone and coalition-based program options. Customers will earn and collect loyalty points, redeemable on future purchases at participating merchants.

Online Shopping Malls

The dynamic growth of Advantex's Online Shopping Mall business is expected to continue, in terms of the number of enrolled members, volume of online shopping, and profitability. There are approximately 400,000 frequent flyer members enrolled in Advantex Online Shopping Mall programs and there are over 250 participating national brand and boutique e-retailers. Continued improvements in fee rates earned and increased consumer purchasing are expected to result in significantly improved divisional contribution.

Financial institutions, daily newspapers, and hotel chains are only a few of the industries Advantex is targeting for its Online Shopping Mall programs. Discussions are underway with several prospective organizations that have the potential to more than double the Company's online business.

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The New York Times
Advantex and The New York Times are developing a major new loyalty initiative, scheduled for launch in calendar 2005. The new program will be considerably broader in scope than the current TimesCard program, with a tenfold increase in the cardholder base. Advantex has been engaged by The New York Times to design and manage the expanded program.

Samplex
Plans for the expansion of the Samplex business have been developed and are now being implemented. In addition to expected growth in its established pack programs, new pack concepts scheduled for launch in calendar 2005 are designed to expand the revenue potential from new and existing packaged goods and retail partners. A comprehensive review is underway to identify operating efficiencies and reduce costs. Interactive data and other services under consideration are expected to broaden and deepen current selective sampling relationships, and add new revenue streams.

Partner Initiatives
The Board of Directors is pleased with the progress being made in the Company's plans to establish a strategic partnership with a view towards maximizing shareholder value. The special committee of the Advantex Board of Directors, established to manage this initiative, is considering several options.

About Advantex Marketing International Inc.
Advantex Marketing International Inc. is a leading loyalty marketing firm, specializing in knowledge-based customer loyalty and rewards programs. Advantex loyalty and rewards programs build new and repeat business for participating merchants and product marketers, from the most desirable customers of leading North American companies. The Company offers a comprehensive range of turn-key marketing services, including: strategic planning; program design, development and execution; multi-media communications; Internet and database services; data capture and award processing interfaces; analytics and reporting; creative design and production; and customer service. Advantex loyalty partners include Alaska Airlines, CIBC, Delta Air Lines, The New York Times, United Mileage Plus, US Airways, and other major North American corporations, as well as a growing list of restaurants, retailers, golf courses, small inns and resorts. Advantex is a public company, traded on the Toronto Stock Exchange under the symbol "ADX". For additional information on Advantex, please visit www.advantex.com.

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ADVANTEX MARKETING INTERNATIONAL INC.

CONSOLIDATED FINANCIAL STATEMENTS
For the period ended DECEMBER 31, 2004

The accompanying consolidated financial statements have been prepared by management and approved by the Board of Directors of the Company. Management is responsible for the information and representations contained in these consolidated financial statements and other sections of this report.

An auditor has not performed a review of these financial statements.

ADVANTEX MARKETING INTERNATIONAL INC.

CONSOLIDATED BALANCE SHEETS (unaudited – note 1)

AS AT (in thousands)	**DECEMBER 31, 2004** ($)	**JUNE 30, 2004** ($)
ASSETS		
Current:		
Cash and cash equivalents	1,495	2,337
Accounts receivable	3,607	2,108
Purchased receivables	1,750	2,395
Inventory	889	1,803
Prepaid expenses and sundry assets	107	176
	7,848	8,819
Long term:		
Capital and other assets	1,053	1,106
Deferred financing charges	344	259
	1,397	1,365
TOTAL ASSETS	9,245	10,184
LIABILITIES		
Current:		
Accounts payable and accrued liabilities	4,946	4,828
Deferred revenue	496	536
	5,442	5,364
Long term:		
Convertible debenture payable	3,367	3,155
TOTAL LIABILITIES	8,809	8,519
SHAREHOLDERS' EQUITY		
Capital Stock		
Class A preference shares	4	4
Common shares	20,815	20,815
	20,819	20,819
Contributed surplus	60	60
Equity portion of convertible debenture	880	880
Reserve for issuance of shares	648	648
Deficit	(21,971)	(20,742)
	436	1,665
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	9,245	10,184

ADVANTEX MARKETING INTERNATIONAL INC.

CONSOLIDATED STATEMENTS OF NET INCOME (LOSS) (unaudited – note 1)

(In thousands except loss per common share)	Three Months Ended December 31 2004 ($)	Three Months Ended December 31 2003 ($)	Six Months Ended December 31 2004 ($)	Six Months Ended December 31 2003 ($)
REVENUE				
Sales and fees	20,264	22,865	39,713	47,445
Direct costs	17,563	20,662	34,762	42,696
	2,701	2,203	4,951	4,749
OPERATING EXPENSES				
Selling	1,414	1,623	2,771	3,079
General and administrative	1,449	1,442	2,891	2,555
	2,863	3,065	5,662	5,634
LOSS BEFORE AMORTIZATION AND INTEREST	(162)	(862)	(711)	(885)
Amortization	100	125	188	249
Interest	170	142	330	284
	270	267	518	533
NET LOSS BEFORE INCOME TAXES	(432)	(1,129)	(1,229)	(1,418)
Realization of income tax benefits	-	1,500	-	1,500
NET INCOME (LOSS)	(432)	371	(1,229)	82
NET INCOME (LOSS) PER COMMON SHARE	(0.00)	0.01	(0.02)	0.00
NET INCOME(LOSS) PER COMMON SHARE – fully diluted	n/a	0.00	n/a	0.00

CONSOLIDATED STATEMENTS OF DEFICIT (unaudited – note 1)

SIX MONTHS ENDED DECEMBER 31 (In thousands except loss per common share)	2004 ($)	2003 ($)
BALANCE AT THE BEGINNING OF THE PERIOD	(20,742)	(18,918)
Net income (loss)	(1,229)	82
BALANCE AT THE END OF THE PERIOD	(21,971)	(18,836)

ADVANTEX MARKETING INTERNATIONAL INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited – note 1)

	Three Months Ended December 31		**Six Months Ended December 31**	
	2004	2003	2004	2003
(In thousands except loss per common share)	($)	($)	($)	($)
CASH WAS PROVIDED (USED IN):				
OPERATING ACTIVITIES				
Net income (loss)	(432)	371	(1,229)	82
Items not involving cash:				
Amortization of capital assets	100	125	188	249
Accretion charges	45	24	87	46
Amortization of deferred financing charges	23	20	40	39
	(264)	540	(914)	416
Changes in non-cash working capital items	191	(178)	208	(458)
Cash provided by (used in) operating activities	(73)	362	(706)	(42)
FINANCING ACTIVITIES				
Obligation to issue shares	-	680	-	680
INVESTING ACTIVITIES				
Purchase of capital assets	(99)	(40)	(136)	(48)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(172)	1,002	(842)	590
Cash and cash equivalents at the beginning of the period	1,667	2,846	2,337	3,258
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	1,495	3,848	1,495	3,848
ADDITIONAL I NFORMATION				
Interest paid	0	0	200	202

Notes to Financial Statements
For the six months ended December 31, 2004 (unaudited)

1. SIGNIFICANT ACCOUNTING POLICIES

The interim unaudited financial statements for the six months ended December 31, 2004 have been prepared on a consistent basis with the Company's annual consolidated financial statements for the year ended June 30, 2004 and should be read in conjunction with the accounting policies and other disclosures in those consolidated financial statements. The enclosed consolidated financial statements do not include all the disclosures required by generally accepted accounting principles applicable to annual financial statements.

2. STOCK OPTIONS

During the period, the Company issued 1,500,000 options to certain directors at an exercise price of $0.25 per common share and 200,000 options to certain non-executive employees at an exercise price of $0.14. These options expire on July 20, 2009. The options issued to directors are exercisable at any time.

The Company calculated the fair value of the stock options issued during the period using the Black-Scholes option pricing model and determined their value to be immaterial. Accordingly, no expense has been recorded in these financial statements upon the issue of these options. The assumptions used in the model were a risk free interest rate of 4.4%, an expected life of five years, an expected volatility of 10% and no expected dividends on the common shares.

3. CONVERTIBLE DEBENTURE PAYABLE

In July 2004, certain of the financial covenants under the convertible debenture agreement were amended in exchange for the issuance of 500,000 warrants to debenture holders with each warrant entitling the holder to purchase one Advantex common share at $0.25 per share. The debenture holders had the right to require the Company to repurchase the warrants for a payment of $0.25 per warrant ($125,000 in total), exercisable before November 15, 2004. All of the debenture holders exercised this right. The Company satisfied its obligation to repurchase the warrants by increasing the principal amount of the convertible debenture by $125,000 and increasing Deferred Financing Charges by the same amount. The conversion price associated with this amount is $0.13 per common share and the additional number of common shares which may be issued upon conversion is 961,593; the fair value of the equity portion of the conversion option was not recorded because the amount was determined to be nominal.

4. SEGMENTED INFORMATION

(A) By geographical distribution (in thousands)

	Three Months ended December 31			Six Months ended December 31		
	Canada	U.S.	Consolidated	Canada	U.S.	Consolidated
Sales and Fees						
2004	19,770	494	20,264	39,026	687	39,713
2003	22,621	244	22,865	46,991	454	47,445

(B) By operating group (in thousands)

	Three Months ended December 31			Six Months ended December 31		
	Advantex	Samplex	Consolidated	Advantex	Samplex	Consolidated
Sales and Fees						
2004	18,481	1,783	20,264	36,155	3,558	39,713
2003	21,250	1,615	22,865	43,670	3,775	47,445
Amortization of Capital Assets						
2004	98	2	100	185	3	188
2003	123	2	125	246	3	249
Interest and Financing Charges						
2004	170	-	170	330	-	330
2003	142	-	142	284	-	284
Net Income (Loss) Before Income Taxes						
2004	(449)	17	(432)	(1,468)	239	(1,229)
2003	(1,220)	91	(1,129)	(1,753)	335	(1,418)
Realization of Income Tax Benefits						
2004	-	-	-	-	-	-
2003	1,500	-	1,500	1,500	-	1,500
Total Assets						
2004				7,135	2,110	9,245
2003				10,323	2,195	12,518
Expenditures for Capital Assets						
2004	99	-	99	136	-	136
2003	40	-	40	48	-	48

The Company allocates expenses between divisions based on use of resources and funding requirements. As such management fees are charged and interest and financing costs are allocated to the divisions on that basis for internal reporting purposes. Senior management relies on the same segmented information to evaluate operations. Certain of the comparative figures have been reclassified to conform with management's basis for evaluation of operations.

5. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform to the presentation adopted in the current year.